

Appl. No. 10/661,380  
Amdt. dated October 25, 2005  
Reply to Office Action of July 1, 2005

PATENT

**REMARKS/ARGUMENTS**

This Amendment is responsive to the Office Action mailed on July 1, 2005.

Prior to this Amendment, claims 1-64 were pending. Claims 7, 9, 18, 28, 41, 46-54, and 60 are canceled, claims 1, 2, 4, 8, 10, 14, 15, 19, 23, 24, 29, 33, 34, 36, 39, 40, 42, 46, 55, 56, and 61 are amended, and claims 65-68 are added in this Amendment. Claims 1-6, 8, 10-17, 19-27, 29-40, 42-45, 55-59, and 61-68 are pending and subject to examination on the merits.

At page 2 of the Office Action, the Examiner objects to the abstract and suggests specific changes. In response, the changes requested by the Examiner has been made to the abstract. Withdrawal of the objection is requested.

**35 U.S.C. § 112, 2<sup>nd</sup> paragraph**

At page 2 of the Office Action, the Examiner rejects claims 1-2, 4, 7-10, 14-15, 18, 23-24, 28-29, 33-34, 36, 39-41, 46-47, 50-51, 55-56, and 60-61 as indefinite under 35 U.S.C. § 112, 2<sup>nd</sup> paragraph. In particular, the Examiner objects to the language "it is determined" throughout the claims and suggests that the phrase "the control logic determines" be substituted for the phrase "it is determined". In response, the suggested change has been made throughout the claims. Accordingly, withdrawal of the indefiniteness rejection is requested.

**35 U.S.C. § 103**

At page 3 of the Office Action, claims 1-3, 8, 10, 12-13, 14, 19, 21-23, 27, 29, 31-35, 40, 42, 44-46, 51, 53-55, 59, 61, and 63-64 are rejected as obvious under 35 U.S.C. § 103 over Aoki et al. Claims 11, 20, 30, 43, 52 and 62 are rejected as obvious over Aoki et al. and Combaluzier.

These rejections are traversed. However, to expedite the prosecution, the claims that are not rejected over Aoki et al. and Combaluzier are put into allowable form.

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Specifically, dependent claim 9 is canceled and the limitation therein is incorporated into independent claim 1. Dependent claim 4 was also put into independent form. Since claims 4 and 9 were not rejected over prior art, claims 4 and 9 and any claims dependent thereon are allowable.

Dependent claim 18 is canceled and the limitation therein is incorporated into independent claim 14. Dependent claim 15 was also amended so that it is in independent form. Accordingly, claims 14, 15, and any claims dependent thereon are allowable, since claims 15 and 18 were not rejected over prior art.

Dependent claim 28 is canceled and the limitation therein is incorporated into independent claim 23. Dependent claim 24 is amended so that it is in independent form. Since claims 24 and 28 were not rejected over prior art, independent claims 23 and 24 and any claims dependent thereon should be in condition for allowance.

Dependent claim 41 is canceled and the limitation therein is incorporated into independent claim 33. Dependent claim 36 is amended so that it is independent form. Since claims 36 and 41 were not rejected over prior art, independent claims 33 and 36, and any claims dependent thereon are allowable.

Dependent claim 60 is canceled and the limitation therein is incorporated into independent claim 55. Dependent claim 56 is put into independent form. Since claims 56 and 60 are not rejected over prior art, independent claims 55 and 56, and any claims dependent thereon are allowable.

The Examiner is thanked for the indication of allowable subject matter. Applicants note that on page 7 of the Office Action, the Examiner indicates that a number of claims contain allowable subject matter. This list conflicts, in some cases, with the claims that were rejected in the obviousness rejections. Applicants are presuming that the lists of claims in the rejections are the correct lists and that the claims that are not specifically rejected over prior art are the ones that contain allowable subject matter.

Applicants are also adding new claims 65-68, which are distinguishable from the prior art. Independent claim 65 recites a method for using smartcards "wherein the first and second smartcards contain loyalty information and wherein the first and second smartcards

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belong to the same person." Clearly this is not disclosed or suggested by the main reference, Aoki et al., since doing so would be directly contrary to Aoki et al.'s explicit teachings. If a proposed modification would render the prior art invention being modified unsatisfactory for its intended purpose, then there is no suggestion or motivation to make the proposed modification. *In re Gordon*, 733 F.2d 900, 221 USPQ 1125 (Fed. Cir. 1984). MPEP 2143.01. The alleged "image replacement" process that is allegedly disclosed in Aoki et al. mentions a card 1 owned by an individual and a card 3 owned by a store. When an individual tries to buy goods at the store, both cards are inserted into a machine and a balance is transferred from individual's card 1 to store's card 3. See column 2, lines 29-45 of Aoki et al. Clearly, there is no reason to modify Aoki et al. so that cards 1 and 3 are owned by the "same person" as in independent claim 65, since this would preclude the store from having a card and would not allow the individual to conduct a transaction. Accordingly, new claims 65-67 are clearly not obvious over Aoki et al.

Combaluzier is cited for a "loyalty program". This reference fails to remedy the deficiencies of Aoki et al. In addition, there would be no reason to have "loyalty" data on both card 3 owned by the store and card 1 owned by the individual, since redundant loyalty information would be present on cards owned by two different entities.

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**CONCLUSION**

In view of the foregoing, Applicants believe all claims now pending in this Application are in condition for allowance. The issuance of a formal Notice of Allowance at an early date is respectfully requested.

If the Examiner believes a telephone conference would expedite prosecution of this application, please telephone the undersigned at 415-576-0200.

Respectfully submitted,



Patrick R. Jewik  
Reg. No. 40,456

TOWNSEND and TOWNSEND and CREW LLP  
Two Embarcadero Center, Eighth Floor  
San Francisco, California 94111-3834  
Tel: 415-576-0200  
Fax: 415-576-0300  
PRJ:asb  
60600647 v1